

APPENDIX 3

Bath Recreation Ground Trust

Report from the Audit Review Summer 2012

Introduction

1. The Charity Commission requires the accounts of the Bath Recreation Ground Trust (BRGT) to be audited independently of the host local authority that administers the Trust. The notification was received in April 2011 and Bath & North East Somerset Council (B&NES) now arranges an independent audit for the annual accounts.

Scope of work

2. The Charity Commission has not specified the extent of audit work to be performed. However, there is a general expectation to deliver an audit of a charitable trust in a proportionate manner and which reflects the nature of the trust's purpose and the way in which its affairs are administered.

3. In recent years the financial affairs of BRGT have been administered by B&NES and the financial records maintained using the corporate accounting systems in the council. These are reviewed annually by internal and external auditors for ongoing integrity and accuracy and this review has relied on assurances from that work. There has been no fundamental change in the systems of financial administration which process the Trust accounts since the last audit.

4. The work has concentrated on reviewing the arrangements for recording and collecting income due and examining the expenditure categories charged to the Trust accounts, using a sample of the transactions which contribute to the values shown in the final accounts. The procedures for Bad Debt Provision were also examined and the balance sheet fund and provisions values examined.

Income

5. Sample invoices for income categories were reviewed. Amounts for ad hoc, or smaller hire values are generally paid on time. There is a pattern of gradually extended payment periods evident from some larger scale events. A review of the procedures and specific collection arrangements for those is now under way.

6. Documentation on the booking procedures and the fee structures was reviewed. It now requires some formalisation as much detailed knowledge and expertise is vested in the one member of staff carrying out this work at present and that work will be carried out shortly.

Expenditure

7. Representative samples of expenditure categories were chosen to confirm that there was a valid payment approval or authorisation process in place and that all charges recorded appeared to be reasonable. No site inspections were carried out as part of this audit review to validate items charged to these expenditure categories – reliance has been placed on the integrity of B&NES corporate invoice certification standards and procedures.

8. Grounds maintenance is a conglomerate contractor activity figure and is a series of recharges based on the annual figures agreed for this service required by BRGT from B&NES Council.

9. There are a series of corporate recharges made for ground, property, legal and finance professional services. The budgeted sums are largely estimated charges based on expected work required but the actual year end recharges represent the extent of work performed through various B&NES Departments during the year.

Balance Sheet

10. This is maintained within and created from entries processed within the B&NES corporate systems. There were some adjustments required to the originally prepared year end extracts but these are now incorporated in the annual accounts.

Conclusions

11. The records inspected during this audit review and the processes and procedures explained can be relied upon for the compilation of the annual accounts. As the accounts are produced using the B&NES corporate accounting facilities there should be continued reliance placed on those systems integrity and controls. A future annual audit of the Trust accounts can therefore be performed through a review of selected transactions.

12. This audit review has been completed in a manner which is proportionate to the present scale of the activities of the Trust. However, if there is a future significant variation in the scale or scope of the Trust activities then the current audit approach should be reviewed to ensure that it remains relevant and would continue to satisfy the expectations of the Charity Commission.

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